

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 FRB-03 TRSE-00 COME-00 L-03

CIAE-00 INR-07 NSAE-00 /034 W

-----053350 251559Z /47

R 251509Z AUG 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC 0911

INFO AMCONSUL FRANKFURT

USMISSION USBERLIN

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 13901

E.O. 11652: N/A

TAGS: ECON, EFIN, GW

SUBJECT: EXCHANGE OF NOTES ON BANK EXAMINATIONS

REF: STATE 202246

1. TEXTS OF EMBASSY AND FRG NOTES CONCERNING EXAMINATION BY U.S. AUTHORITIES OF BRANCHES OF U.S. BANKS IN THE FRG FOLLOW:

FRG NOTE OF OCTOBER 20, 197L -- BEGIN TEXT:

THE FOREIGN OFFICE HAS THE HONOR TO PRESENT TO THE EMBASSY OF THE UNITED STATES OF AMERICA THE FOLLOWING MATTER CONCERNING THE AUDIT OF BRANCH OFFICES OF AMERICAN BANK BRANCHES IN THE FEDERAL REPUBLIC OF GERMANY BY AMERICAN OFFICIALS.

A NUMBER OF AMERICAN BANKS OPERATE LEGALLY DEPENDENT BRANCH OFFICES IN THE FEDERAL REPUBLIC OF GERMANY. ONLY RECENTLY THE COMPETENT GERMAN AUTHORITIES BECAME AWARE THAT THESE BRANCH OFFICES ARE PERIODICALLY AUDITED BY INSPECTORS COMMISSIONED BY THE COMPTROLLER
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OF THE CURRENCY. THE AUDIT COVERS ALL BUSINESS OPERATIONS OF BRANCH OFFICES.

ALTHOUGH THE BRANCH OFFICES OF AMERICAN BANKS IN THE FEDERAL REPUBLIC OF GERMANY ARE REGULARLY SUPERVISED BY THE GERMAN BANKING CONTROL AUTHORITY, THE "BUNDESAUFSICHTSAMT FUER DAS KREDITWESEN" (FEDERAL

SUPERVISORY AGENCY FOR CREDIT AFFAIRS) IN BERLIN, THE
FEDERAL GOVERNMENT IS MOTIVATED IN THEIR CONCLUSION
BY THE CONSIDERATION THAT THE AUDITS BY GERMAN AND
AMERICAN AUTHORITIES SERVE THE COMMON OBJECTIVE TO
PREVENT ABUSES IN THE CREDIT BUSINESS AND TO GUARANTEE
THE SAFETY OF THE FUNDS ENTRUSTED TO THE BANKS, AS WELL
AS THE ORDERLY EXECUTION OF BANKING TRANSACTIONS.
IN AGREEING TO THE ACTIVITIES OF AMERICAN OFFICIALS IN
THE FEDERAL REPUBLIC OF GERMANY, THE FEDERAL GOVERNMENT
PROCEEDS FROM THE ASSUMPTION THAT THE U.S. GOVERNMENT
ON ITS PART WILL NOT OBJECT TO AUDITS OF LEGALLY DEPEND-
ENT BRANCH OFFICES OF GERMAN BANKING INSTITUTES IN THE
UNITED STATES OF AMERICA BY OFFICIALS OF THE
"BUNDESAUFSICHTSAMT FUER DAS KREDITWESEN" OR PERSONS
ACTING ON BEHALF OF THAT AUTHORITY, IF SUCH AUDITS --
AFTER ESTABLISHMENT OF SUCH BRANCH OFFICES IN THE
UNITED STATES OF AMERICA -- ARE CONSIDERED NECESSARY
BY THE GERMAN SIDE.

THE FOREIGN OFFICE WOULD APPRECIATE IT IF THE AMERICAN
SIDE WOULD CONFIRM RECIPROCITY IN A CORRESPONDING
ANSWERING NOTE.

THE FOREIGN OFFICE TAKES THIS OPPORTUNITY TO RENEW TO
THE EMBASSY OF THE UNITED STATES OF AMERICA THE
ASSURANCES OF ITS HIGHEST CONSIDERATION. -- END TEXT.
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FM AMEMBASSY BONN
TO SECSTATE WASHDC 0912

INFO AMCONSUL FRANKFURT
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EMBASSY NOTE OF MARCH 16, 1972 -- BEGIN TEXT:

THE EMBASSY OF THE UNITED STATES OF AMERICA HAS THE HONOR TO PRESENT TO THE FOREIGN OFFICE OF THE FEDERAL REPUBLIC OF GERMANY THE FOLLOWING STATEMENT IN RESPONSE TO THE NOTE VERBALE OF THE FOREIGN OFFICE, DATED OCTOBER 20, 1971, CONCERNING THE AUDIT OF LEGALLY NON-AUTONOMOUS BRANCH OFFICES OF AMERICAN BANKS IN THE FEDERAL REPUBLIC OF GERMANY WHICH ARE ESTABLISHED UNDER FEDERAL OR STATE LAWS OF THE UNITED STATES.

THE REGULATORY AUTHORITIES OF THE UNITED STATES FAVOR FULL RECIPROCITY FOR THE EXAMINATION OF BANK BRANCHES BY AUTHORITIES OF THE UNITED STATES AND OF THE FEDERAL REPUBLIC OF GERMANY. THERE ARE FEW FEDERAL BANKING LAWS IN THE UNITED STATES COVERING THE ACTIVITIES OF FOREIGN BANKS IN THE UNITED STATES, AND THE ESTABLISHMENT AND REGULATION OF BRANCHES OF FOREIGN BANKS ARE PRIMARILY SUBJECT TO THE LAWS OF THE INDIVIDUAL STATES. BANKING AUTHORITIES IN ALL STATES WHERE THERE ARE LIMITED OFFICIAL USE

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FOREIGN BANK BRANCHES PERMIT EXAMINATION BY FOREIGN BANKING AUTHORITIES. NEW YORK AND CALIFORNIA CONTAIN THE GREATEST CONCENTRATION OF FOREIGN BANKS, AND AUTHORITIES IN THESE STATES ENCOURAGE FOREIGN EXAMINATIONS.

FOREIGN BRANCH EXAMINATIONS BY UNITED STATES EXAMINERS ARE DESIGNED TO DETERMINE THE QUALITY OF PROTECTION OFFERED DEPOSITORS; THUS THEY BENEFIT THE HOST COUNTRY. UNITED STATES EXAMINERS DO NOT CONCERN THEMSELVES WITH INDIVIDUAL DEPOSITOR ACCOUNTS, AND REPORTS OF EXAMINERS ARE STRICTLY CONFIDENTIAL. PRIOR TO EXAMINATION OFFICIALS OF THE TREASURY OR OF THE FEDERAL RESERVE SYSTEM WILL BE PLEASED TO MEET WITH GERMAN AUTHORITIES TO DESCRIBE, IN ANY DESIRED DETAIL, THE NATURE OF EXAMINATION BY AUTHORITIES OF THE UNITED STATES AND THE PROCEDURES FOLLOWED IN THESE EXAMINATIONS.
-- END TEXT.
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